Advance payment of taxes by Corporate Houses

33. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that big Corporate Houses have been paying huge amounts as Advance Income Tax in excess of their tax liability and causing loss to Government's exchequer on account of interest on these amounts deposited;

(b) if so, the details of Corporate Houses/Industries who have resorted to such practice;

(c) what is the total loss to exchequer on account of this;

(d) whether the officials involved in these racket have been held responsible; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) No such finding has been arrived at. Under the provisions of the Income Tax Act, 1961. Interest is payable on the excess of tax paid over the tax-liability assessed. such Interest is only compensatory in nature and, therefore, there is no real loss to the exchequer. The Government has, nevertheless, periodically reduced the rate of Interest payable on refunds from 18% per annum in 1989 to 12% per annum in 1991 to 9% per annum in 2001 to the current rate of 8% per annum with effect from 1.6.2002.

(b) to (e) Does not arise in view of reply to para (a) above.

Interest rate on PPF

34. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the total fund available with Government on account of PPF, GPF and Group Insurance as on 31st December, 2002;

(b) the total outgo on account of interest and other advances to the contributors during the last three years, year-wise;

(c) whether it is a fact that Government have revised downward the rate of interest on PPF and other funds recently; and

(d) if so, the situation warranting such a revision?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) The total fund available under PPF, GPF and Group Insurance as on 31st December, 2002 is as under:

		(in crores of rupees)
(i) Public Provident Fund (PPF)	:	56017.68
(ii) General Provident Fund (GPF)	:	24475.05
(iii) Group Insurance	:	3020.69
Total	**:**	**83513.42**

(b) The total outgo on account of interest and other advances to the contributors during the last three years was as under:

		(in crores of rupees)
(i) 1999-2000	:	3566.76
(ii) 2000-2001	:	3879.01
(iii) 2001-2002 (Provisional)	:	3793.84
Total	**:**	**11239.61**

(c) and (d) The Government has revised downward administered rates of interest on most small savings schemes including PPF, with effect from 1.3.2002 by 50 basis points. The interest rate on GPF was also reset on the same lines with effect from 1st April, 2002. The revision was based on acceptance of the recommendation of an Expert Committee to make the administered interest rates market determined by benchmarking them to average annual yield on Government securities of equivalent maturity in the secondary market.